

Message Text

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44

ACTION NEA-10

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 ISO-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 PA-01 PRS-01 /123 W

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R 031310Z JUN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3109

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USINT BAGHDAD

C O N F I D E N T I A L KUWAIT 2342

E.O. 11652: GDS

TAGS: ENRG KU

SUBJECT: KUWAITIS BEGINNING TO QUESTION CONTINUING OIL

PRICE INCREASES

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1. FOR FIRST TIME SINCE LATE 1973 OPEC PRICE INCREASES, WE

HAVE HEARD THAT KEY KUWAITI OFFICIALS AND OTHERS HERE ARE BEGINNING TO QUESTION WHETHER CONTINUING OIL PRICE INCREASES IN KUWAIT'S OWN LONG TERM SELF INTEREST. SOURCE OF INFO IS US BUSINESSMAN WHO IS SEASONED OBSERVER OF LOCAL AFFAIRS AND WHO HAS VISITED KUWAIT OFTEN.

2. HE TOLD EMBOFF JUNE 3 THAT IN CONVERSATIONS WITH MINISTER OF OIL KAZEMI, MINISTER OF STATE HUSSAIN AND NATIONAL ASSEMBLY OPPOSITION LEADER AHMAD KHATIB, HE DETECTED GROWING MOOD AMONG THOUGHTFUL KUWAITIS THAT STABILITY OF OIL PRICES SHOULD BE SOUGHT AND CONTINUING OIL PRICE INCREASES AVOIDED. HE ADDED, HOWEVER, THAT NO KUWAITI OFFICIAL WOULD ACKNOWLEDGE SUCH VIEWS PUBLICLY, BUT AT OPEC MINISTERIAL MEETING IN GABON, KUWAITIS WOULD BE PROBING TO SEE IF OTHERS SHARED THIS VIEW.

3. COMMENT: UNFORTUNATELY DEBRIEFING OF US BUSINESSMAN WAS RUSHED BECAUSE HE HAD TO LEAVE TO CATCH A FLIGHT TO SAUDI ARABIA (WHERE PRESUMABLY HE WILL MENTION KUWAITI VIEWS TO SAUDIS). WE WERE NOT ABLE TO OBTAIN ADDITIONAL DETAILS RE POSSIBLE CHANGE IN THINKING AMONG KUWAITIS ON PRICES. WE THINK BUSINESSMAN'S VIEWS WORTH REPORTING, HOWEVER, BECAUSE UP TO NOW KUWAITIS HAVE BEEN SOLIDLY UNIFIED RE MAINTENANCE OF EXISTING HIGH PRICES. INTERESTINGLY, IN RECENT PRIVATE COMMENTS TO US BY SENIOR OFFICIALS AS WELL AS IN SOME PUBLIC STATEMENTS, GOK LEADERS HAVE INDICATED THAT ADDITIONAL PRICE INCREASE LATER THIS YEAR COULD POSSIBLY BE AVOIDED IF CONSUMER/PRODUCER TALKS RESUME AND APPEAR PRODUCTIVE. KUWAITI CONCERN OVER DIMINISHING PURCHASING POWER OF INCOME AS RESULT INFLATION AND MONETARY FLUCTUATIONS REMAINS IMPORTANT, BUT FOR FIRST TIME IN OVER A YEAR THERE SEEMS TO BE SOME SERIOUS QUESTIONING IN KUWAIT OF OPEC PRICE TRENDS.

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